

Nature is everyone's business:

How businesses can protect nature and our climate, and help Australia Recover, Rebuild and Renew 🌿



**AUSTRALIAN
CONSERVATION
FOUNDATION**

Our vision

Throughout the rollercoaster of 2020, we've seen smart companies face challenges head on and turn them into opportunities.

Businesses large and small have adapted and innovated to keep delivering vital products and services, create jobs, and keep our economy moving. Many of them are an important part of their local community.

From extreme bushfires, a global health pandemic and an escalating economic crisis, the events of 2020 have also brought into sharp focus how dependent Australian businesses are on our climate and nature – and how quickly a crisis can change everything.

It is clear our economy is dramatically unprepared for future escalating disruptions from climate change and nature loss. Forward-thinking businesses are planning ahead to stay viable.

As we emerge from this pandemic, let's heed these lessons and think carefully about how we recover, rebuild and renew.

We need to help communities and businesses recover with jobs that are good for nature and climate.

Then we rebuild our economy to make Australia climate and nature positive. And we renew our energy system so it's clean and renewable.

Let's make sure what we do today leads us to the future we want - a thriving Australia with an economy that serves us well, a fairer, more resilient society, a healthy planet and a safe climate.



Front cover: Cape York Peninsula. Photo: Kerry Trapnell.
This page: Office rooftop garden. Photo: James Thomas photo.

Business has a critical role as a force for nature

We have a unique opportunity to reset and reshape our economy for generations to come.

We can use the current moment to build a climate and nature positive economy and mitigate future financial risks posed by climate change and biodiversity loss.

If, as Australia emerges from the economic crisis, we continue to destroy nature and pollute our climate, we will lock in further physical and financial harm. Instead, if we collectively choose to recover, rebuild, and renew we will create a climate and nature positive economy with thriving businesses and jobs.

As we set a course for a better future, the decisive action and visionary policies leaders implement should be based on three key principles. They should:

- **Be climate and nature positive**, setting a clear pathway for Australia to move to net zero emissions and regenerate the natural resources we depend on.
- **Be healthier and more resilient**, increasing the capacity of people and industries across Australia, of essential services, infrastructure and nature to respond and recover from future extreme events like bushfires and pandemics and associated economic disruption.
- **Make Australia fairer**, encouraging the growth in reliable jobs, increasing equality and protecting communities most vulnerable to climate change and extreme weather and strengthening citizens' participation and trust in democracy.

The opportunity for businesses

Now is the time for leaders across business to act in ways that rebuild and renew the natural resources that underpin our economy

Customers, employees and investors are becoming increasingly motivated by environmental concerns. Clean energy, electric vehicles and more efficient machinery provide an opportunity for drastically reduced pollution and cheaper energy. Natural spaces and green infrastructure provide clean air and water and other services that many businesses rely on. Looking after our environment is good for business.

As businesses begin to take action and help build momentum for a climate and nature positive recovery, ACF will let our 700,000 supporters across the country know which businesses have joined the movement to recover, rebuild, renew.

Building on ACF's Recover, Rebuild, Renew agenda for governments, 'Nature is everyone's business' outlines the key actions all businesses can take to recover, rebuild, and renew with jobs that are good for people, nature and climate.



The business case for a **climate and nature positive economy**

Degradation of nature and climate is bad for business.

The World Economic Forum's 2020 Global Risk Report found that the top 5 most likely global risks all relate to the degradation of nature.¹

The World Economic Forum identified that failure to act on climate was not only the most severe risk but also the second most likely risk to occur. Similarly, biodiversity loss was described as the fourth most likely risk, although it was considered to have one of the top three most significant global impacts. These risks will manifest differently for businesses across various industries. Some businesses may experience disruptions to their supply chains, increased insurance premiums, reductions in stock and materials or physical damage to property. However, without collective action to curb nature degradation, all businesses will ultimately face increased vulnerability in their operations and financial revenue.

With over half of the world's GDP moderately or highly dependent on natural capital and ecosystem services,² it's now more important than ever for your business to lead the development of a climate and nature positive economy.³

No longer is it viable for businesses to prioritise short term interests at the expense of nature. Research by KPMG demonstrates that companies with business strategies focused on sustainability deliver the greatest financial returns.⁴

Multiple stakeholders want climate and nature positive action

The impetus for businesses to protect nature extends beyond financial incentives. Various stakeholders are agitating for businesses to become climate and nature positive. They include employees, customers, investors, regulators, government, suppliers and the community.

More than three quarters of Australian employees agree businesses need to be responsible for their environmental impact.⁵ Similarly, data insights firm Nielsen found 83% of Asia-Pacific consumers expected business to improve nature. Investors and regulators also expect rigorous action and leadership from boards, executives and managers. Businesses across a range of industries have seen a sharp incline in the number of shareholder resolutions designed to curb nature destruction.⁶ Regulators, like ASIC and APRA, are becoming more attuned to nature risks and increasing their scrutiny of business' actions on climate.⁷

If you want your business to be a leader in the new climate and nature positive economy, or just simply want to do your part, you should transition your business strategies to be aligned with the key actions outlined in this report.



Albany, Widfarm Portland, Victoria.
Photo: Arsineh Housplan.

Businesses of all sizes, across all industries can set a better course for our future 🌱

SMALL BUSINESS:

1. Publicly support a climate and nature positive economic recovery.
2. Make your business more energy efficient and commit to 100% renewable energy.
3. Ask your super fund to divest from all fossil fuels by 2030.

MID TIER BUSINESS:

1. Identify the nature your business relies on and commit to advocate for its protection.
2. Make sure your business is working towards being a zero pollution business.
3. Power your operations with 100% renewable energy by 2030.

TOP TIER BUSINESSES:

1. End your relationship with fossil fuels.
2. Advocate for a climate and nature positive economic recovery in your engagement with governments.
3. Lead your sector towards net zero emissions by 2050.
4. Analyse the importance of biodiversity in your business and amplify the urgency for the federal government to set biodiversity targets and commit resources to meeting them.



Melbourne Cafe. Photo: amabird/Shutterstock.com.

Glossary

Term	Definition
1.5°C scenario	means the goal within the Paris Agreement to limit the increase in global average temperatures to 1.5°C above pre-industrial levels. ⁸
2°C scenario	means the goal within the Paris Agreement to limit the increase in global average temperatures to well below 2°C above pre-industrial levels. ⁹
Biodiversity	means the variability among living organisms from all sources including terrestrial, marine and other aquatic ecosystems and the ecological complexes which they are part. This includes diversity within species, between species, and of ecosystems. ¹⁰
Climate and nature positive	means actions that protect, preserve, and regenerate natural resources, achieves net zero emissions by 2050 and stems biodiversity loss.
COP-15	means the 15th meeting of the Conference of the Parties to the Convention on Biological Diversity. The meeting was initially scheduled to occur in Kunming, China from 15-28 October but it has been rescheduled to 17-30 May 2021.
Ecosystem services	means the benefits of the regulating processes of natural resources or the flow of benefits supplied by their functions (i.e. air and water filtration, pollination for crops, soil fertility, flood protection, carbon storage etc). ¹¹
Mid tier business	includes ASX listed companies and multinational corporations operating in Australia which have under 1,000 employees, or private companies, partnerships, associations and trustee companies that do not meet the criteria of a top tier business but have 100 employees or more, or hold \$25 million in assets, or earn \$50 million in revenue during a financial year.
Natural capital	means the stock of natural resources that provide direct or indirect value to business (i.e. timber, energy, wool, food etc). ¹²
Natural resources	includes ecosystems, species, fresh water, land, minerals, the air, oceans. ¹³
Nature	includes all living organisms and their biological diversity, climate and weather, as well as natural resources.
Net zero emissions	means achieving a balance between the anthropogenic greenhouse gas emissions in the atmosphere and anthropogenic removals. ¹⁴
Paris Agreement	means the agreement made by the Conference of the Parties to the Convention on Climate Change on 12 December 2015, registered by the United Nations on 4 November 2016 and ratified by Australia on 9 November 2016.
Small business	includes private companies, partnerships, associations and trustee companies that do not meet the criteria of a mid or top tier business.
Top tier business	includes ASX listed companies and multinational corporations operating in Australia that have 1,000 employees or more, or private companies, partnerships, associations or trustee companies that hold \$10 billion or more in assets.

Small Business

We support small businesses to be part of an economic recovery that is climate and nature positive and to take actions that helps build momentum for this recovery – like promotional advocacy and operational activities that are climate and nature positive.

Here's how small businesses can help to recover, rebuild and renew:

1. Publicly support a climate and nature positive economic recovery

Australian small businesses have been among some of the hardest hit from COVID-19. Governments need to introduce longer, more sustainable plans for small businesses to thrive, including further government spending in the economy and taking actions to mitigate future disruptions, such as climate damage and destruction of nature, which cause economic shocks that disproportionately affect small businesses. Governments should make sure Australia's pathway forward is climate and nature positive, makes Australia healthier and more resilient, and makes Australia fairer, in line with *ACF's Recover, Rebuild, Renew agenda*.

Your small businesses can endorse and help promote the Recover, Rebuild, Renew campaign in your community and to your customers by:

- publicly displaying a *Recover, Rebuild, Renew poster* in a visible location on your premises.
- sharing the Recover, Rebuild, Renew campaign on your website and social media platforms.

These actions endorse a recovery that sets Australia's economy on a better course for everyone and every living thing and will encourage others to do the same.

2. Make your business more energy efficient and commit to 100% renewable energy

Investing in making your business more energy efficient helps reduce pollution and saves energy. This could include changing your lights, installing solar PV or purchasing green power, batteries, purchasing electric vehicles and upgrading or replacing equipment to make your business more energy efficient.

There are government schemes and programs that provide public funding to small businesses to help them make this transition. A list of these schemes can be accessed through acf.org.au.

3. Ask your super fund to divest from all fossil fuels by 2030

Right now, Australia's banks, insurers, investors and superannuation funds have an unprecedented opportunity to set Australia on the path to becoming a renewable energy superpower by divesting from fossil fuels and shifting their investments into renewable energy and nature positive projects. Every year Australians contribute almost \$120 billion to super accounts. If more of this money was invested in clean energy and infrastructure that supports clean air and water, we would supercharge a positive recovery.¹⁵ Many Australians have links to this sector through their superannuation funds and their business or home loans. To expedite the momentum already occurring, your small businesses can encourage its default employee super fund to divest from fossil fuels by 2030 by:

- engaging with your current super fund and asking them to divest from all fossil fuels by 2030.
- switching your business' default super fund to one that has already committed to end its exposure to thermal coal by 2030 and writing to your former default fund to explain the reason behind the decision.

Your small businesses can also encourage existing employees to switch their super fund by advising them of your business' decision to move to an alternate fund and helping them to switch over should they choose to do so.

Information on Australian super funds' commitments to divesting from fossil fuels can be accessed through acf.org.au.



Workers at a garden centre.
Photo: pixdeluxe/Getty Images.

Mid tier business

We support mid tier businesses that set commitments and targets to prevent the destruction of nature and reduce their pollution – like identifying the importance of nature to their business and reducing pollution in line with scientific targets.

Here's how mid tier businesses can help to recover, rebuild and renew:

1. Work out how your business relies on nature and share your findings

In 2021, representatives from countries around the world will gather at COP-15 to negotiate a global deal for nature. Just as the Paris Agreement put the spotlight on government and business action for climate change, this deal will force governments and business to confront the economic and social cost of continued destruction of the world's biodiversity and work to change this trajectory. Businesses which begin to acknowledge the risk to their business of biodiversity decline – through, for example, their supply chains – will be better prepared for the impacts of natural capital and ecosystem services destruction, any regulatory changes, and consumer and investor expectations. Better yet, mid tier companies should commit to preserving nature and prevent its loss by publicly acknowledging the importance of nature to their business. As a preliminary step, this requires your business to:

- identify the natural capital and ecosystem services your business depends on (this should include your business' operations as well as its supply chain).
- commit to preserve the natural capital and ecosystem services your business relies on and call for commitments from peers.
- undertake a risk analysis, accounting for the impact on your operations and supply chain if biodiversity destruction continues to occur at its current trajectory and the quality and condition of the natural capital and ecosystem services your business rely on are affected.
- openly share the risk analysis with key stakeholders (i.e. customers, investors, regulators, government, and community) by reporting the methodology and results in your annual reports and other publicly available communications.
- Highlighting the importance of preserving biodiversity for business will amplify the calls for an economic recovery that protects nature. It is important, however, to recognise that these actions are initial steps that your business should take to address nature destruction. You should subsequently engage directly with stakeholders to develop meaningful targets and measurements to address your business' impact on biodiversity loss.

2. Make sure your business is working towards being a zero pollution business

Mid tier businesses can help Australia rebuild towards net zero emissions by setting science based emissions targets aligned with the most ambitious aim of the Paris Agreement. Specifically, your business' policies, strategies, actions and portfolios should align with the overarching goal of a 1.5°C scenario. This requires your business to:

- Set a science-based emissions reduction target across all relevant scopes in line with a 1.5°C scenario. This demonstrates the strongest ambition your business can take in the immediate term whilst allowing it to align with a trajectory that leads to net zero emissions by 2050; or
- Set a long-term target to reach net zero emissions by no later than 2050 whilst also setting interim science-based emissions reduction targets across all relevant scopes. This demonstrates the strongest ambition your business can take in the long term while allowing a degree of flexibility in the immediate term on how it aligns with a trajectory that leads to net zero emissions by 2050. Interim targets can be based on either limiting temperatures to 1.5°C or keeping them well below 2°C. However, if the latter target is chosen, your business will need to take more aggressive emissions reductions in the longer term.

Information on the *process* for and the *business benefits* of signing up to this target is available through sciencebasedtargets.org.

At a minimum, your business should include all pollution produced directly by the business (scope 1) or from your use of purchased energy such as electricity or gas (scope 2). Pollution across the value chain of your business (scope 3) beyond scope 1 and 2 emissions should be included where they cover 40% or more of your business' total emissions. You should measure and screen your business' emissions to identify the relevant scopes to address.

You should subsequently disclose your business' total emissions as well as its progress against these targets on an annual basis. Disclosure should be made public on your website and in your annual report.

3. Power your operations with 100% renewable energy by 2030

Leading Australian businesses are increasingly supporting a climate and nature positive recovery by operating their business solely with renewable energy. Mid tier businesses can accelerate this progress by firstly committing to power your business' operations with 100% renewable energy by 2030 and subsequently developing action plans to implement this commitment. To achieve these goals, your business could install on-site or rooftop solar on its premises, including offices, shops and factories. Additionally, your business could secure renewable energy from wind or solar farms by signing a power purchase agreement to that effect.



Solar farm, QLD
Photo: Courtesy of Pacific Hydro.

Top tier business

We support top tier businesses that urgently lead their sector away from environmentally destructive activities and towards a climate and nature positive future. This means divesting from all fossil fuels, advocating for climate and nature, and implementing action plans to achieve science based emissions reduction targets

Here's how top tier businesses can help to recover, rebuild and renew:

1. End your relationship with fossil fuels

Burning fossil fuels is the biggest cause of climate change. Achieving net zero emissions across Australia's economy therefore requires action to discourage and prevent corporations from pursuing fossil fuel projects. We call on top tier businesses in the finance and professional services sector to renew our economy by committing to divest from fossil fuels across your complete portfolio by 2030. In particular, if your business is in the finance sector (i.e. banks, insurers, investors and super funds) you should:

- commit to having zero financial exposure to coal, oil, & gas by 2030.¹⁷
- refuse to invest in new coal mines, coal power plants and gas projects.
- disclose all investments in fossil fuel projects & companies (including those made through syndicates).

If your business is in the professional services sector (including consultancies, law firms, and construction and engineering firms) you should:

- commit to not provide services on coal, oil and gas projects by 2030.¹⁸
- refuse to provide services to new coal mines, coal-fired power stations and gas projects.

2. Advocate for a climate and nature positive economic recovery in your engagement with governments

We call on top tier businesses to ensure your direct and indirect engagement with governments calls for Australia's economic recovery to be climate and nature positive in a way that makes Australia healthier, more resilient and fairer. To that end, your business should support and advocate for the policies outlined in ACF's *Renew, Recover, Rebuild agenda*.

Additionally, your business should only align with climate and nature positive industry groups.

- An industry group's economic recovery position is positive for the climate where it supports achieving net zero emissions by 2050 and limiting the global temperature rise to 1.5°C. Scientifically justified measures to achieve these goals include investments in renewable energy, like solar, wind and hydro power, and energy storage solutions.
- Other measures include energy efficiency, electrification and sustainable transport. It does not include investing in new thermal coal mines, coal-fired power stations, or gas projects,¹⁹ nor does it include investments in unproven technologies like carbon capture and storage.

With respect to nature, an industry group's position prioritises biodiversity protection where it supports strengthening Australia's national environment laws, putting in place strong standards to protect nature and supports the establishment of institutions and processes to uphold these standards. It does not include limiting the role of the Federal government in environmental approvals by deferring decisions to states nor does it include facilitating purchases of offsets for environmentally destructive actions.

- Where industry groups are not aligned around a climate and nature positive recovery, your business should encourage its industry group to alter its positions through direct engagement. If these actions are unsuccessful, your business should subsequently re-examine and cancel its membership.

3. Lead your sector towards net zero emissions by 2050

We call on top tier businesses to take ambitious action on climate and lead Australia's economic recovery towards net zero emissions. As a preliminary step, your company should set science-based climate targets for its business in line with the steps listed for mid tier businesses. Once these targets have been set and net zero ambition is grounded in your business' purpose, you should:

- quantify the physical and transitional climate risks associated with a 1.5°C and 2°C scenario for your industry. This will require developing industry risk standards and defining the estimated business impacts in the immediate and long term.
- identify and create new opportunities in a climate and nature positive economy by adapting your business model and driving the momentum for a complete industry overhaul.
- shift your business' strategy and portfolio to align with the targets. These actions should set you on the course towards a climate positive economy as a key value creation driver across industry and lead to reshaping industry business models.
- set a clear governance framework and ensure your business' executive team are responsible for overall delivery of targets. Your business should have a chief sustainability officer in the executive team and embed its targets as a key priority for the entire executive. Your board should have regular oversight of the executives' progress against these targets.
- integrate carbon accounting across each portfolio and embed emissions reductions in decision making processes. Measures to enforce emissions reductions in decision making include setting an internal carbon price, enforcing emissions assessments of new products and setting performance indicators throughout the entire organisation.
- test a pipeline of decarbonisation initiatives and activities and subsequently deploy successful options at scale, thereby transforming your business' operations to achieve targets.
- engage with and drive collaborative emissions reductions initiatives amongst key stakeholders (i.e suppliers, customers, investors, peers, and competitors) to aid your sector to shift to net zero emissions.
- communicate targets, policies, actions, progress and impact transparently and regularly to investors, regulators, clients and customers and employees.

Take ambitious action on climate and **lead Australia's economic recovery**

4. Analyse the importance of biodiversity in your business, and amplify the urgency for the federal government to set biodiversity targets and commit resources to meeting them

We call on top tier businesses to elevate the need for governments to set firm global targets and measurements for protecting biodiversity at COP-15. These targets and measurements should enable the development of frameworks for businesses so they can limit their impact on biodiversity loss. To develop plans to minimise impact, you should:

- identify what natural capital your business uses within its operations and supply chain as well as which types of ecosystem services it benefits from in its operations and supply chain. This initial analysis should acknowledge what tangible benefits are provided to your business from the ecosystem service. Financial and professional services businesses should undertake this analysis in respect of your top 10 clients' businesses.
- subsequently, estimate the approximate financial value of the natural capital and the tangible benefits provided by the ecosystem services. When quantifying this value, your business should consider accounting for:
 - the physical units of the natural capital / tangible benefit relied on by the business
 - the monetary value of the natural capital / tangible benefit based on either the market price, if the natural capital / tangible benefit is traded, or attributing the value, if there is no market.
- undertake a financial risk analysis, accounting for the change in value should the quality and condition of the natural capital / tangible benefit assets be affected by biodiversity loss.
- through your annual reporting process publish the value of ecosystem services and identified risks to your business associated with worsening biodiversity losses and share this information with government and industry groups.
- develop a plan, including targets and measurements to minimise your businesses impact on biodiversity.



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- ¹⁸ This includes thermal coal mines, coal-fired power stations, and oil & gas exploration, extraction, pipelines and generation projects.
- ¹⁹ Including onshore and offshore gas exploration, extraction, pipelines, and generation projects.

We love **our beautiful planet**

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